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Dear Richard

**GB Transmission Charging: Use of System Charging Methodology
Revised Proposals Consultation**

Note: this response is made on behalf of Rugeley and Deeside Power Stations owned by International Power Plc. Thank you for the opportunity to comment on this consultation, although I would point out that we are disappointed to have to go through yet another consultation round on TNUoS charging. It is our view that this has been necessary as a result of OFGEM's lack of involvement and response throughout the earlier stages of the various consultation processes. A more interactive discussion with OFGEM should have resolved this issue earlier.

TNUoS charges for many businesses are a substantial part of their O&M budget and yet these businesses, including our own, still do not know what the charges will be from 1 April 2005. This is unacceptable from a business planning point of view and every effort needs to be put into establishing and publishing the tariffs quickly.

We note your proposal to further develop Option B but keep the G-D split at current levels. Whilst we remain supportive of Option B, we do not support $G_{avg}=27$. We have maintained throughout the various consultations that a move to $G_{avg}=0$ is appropriate in order to harmonise with developing EU policy and we still believe this is correct. It is also important to note that UK generators trading with Europe are currently disadvantaged when compared with their European counterparts who have $G_{avg}=0$. Furthermore, the NGT proposals throughout the discussion and consultation stages have indicated a move towards $G_{avg}=0$ and there has been an expectation that this would be the case. The current proposal reverses this position.

We accept the view that a move from $G_{avg}=27$ to $G_{avg}=10$ is a significant single change, but would propose the move should be made in a staged manner. We propose the following:

TNUoS Year	G_{avg}
2005/6	20
2006/7	10
2007/8	0

We also consider this commitment to move in a staged manner to $G_{avg}=0$ should be written into the methodology now, in order to assist with business planning for the near to medium term.

Previously we have considered that volatility in GB transmission charging is not necessarily bad. However, we would request that when the current methodology is finally resolved, that NGC publishes estimates of the next 5 years of GB transmission charging based upon data contained with the SYS. Though this will be no guarantee, it will further help longer term business planning.

I must re-enforce the point that we need to advance quickly such that we all know with clarity what will be the charging methodology from April 2005 – less than 10 weeks away

Should you wish to discuss any issues further please do not hesitate to contact me.

Yours sincerely

Dr Stephen Riley
Executive Director Europe